



**LACHLAN STAR LIMITED**

**6 November 2013**

## **LACHLAN STAR ANNOUNCES RECORD GOLD MINED, STACKED AND POURED IN OCTOBER AND A 56% REDUCTION IN WASTE TO ORE RATIO**

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**Perth, Western Australia: Gold miner, Lachlan Star Limited (“Lachlan Star” or the “Company”) (ASX and TSX: LSA) is pleased to provide the following operational update for the month of October. Highlights include:**

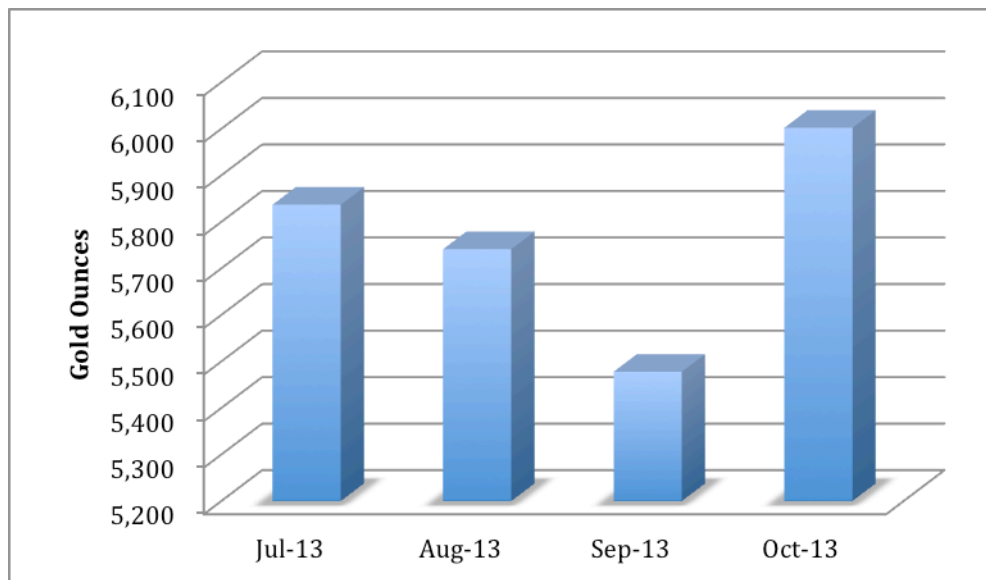
- Gold production increased to 6,000 ounces, a record under the Company’s ownership
- Gold stacked increased to 10,200 ounces, a record under the Company’s ownership;
- Gold mined increased to 8,800 ounces, a record under the Company’s ownership;
- Silver production of 5,900 ounces;
- Waste to ore ratio reduced by 56% from the September 2013 quarter average to 0.98:1, another record low under the Company’s ownership;
- Underground mining project advanced to secure additional high grade mineralisation

## CMD GOLD MINE (100% CHILE)

### October Production

Gold production for the month of October was 6,000 ounces, a new record high under the Company's ownership (refer Figure 1). This is the highest monthly production since July 2008 for the mine.

Figure 1: CMD Gold Mine Gold Production



Gold production dipped slightly in September as a result of the reduced ounces stacked in July (Figure 2). The increased ounces stacked from August onwards are now starting to be seen in the weekly gold pours and the Company expects gold production to continue to climb based on the ounces being stacked in recent months and the approximate two month lag between stacking and production.

Silver production appears to have stabilised at approximately 5,900 ounces a month over the past four months and continues to provide a useful by product credit.

The month of October saw gold mining and stacking rates increase to levels not seen since mid 2008. The key leading indicator of gold production for the CMD Gold Mine is the stacking rate and, as seen in Figure 2, the gold stacking rate over the past four months has increased by approximately 60% with 10,200 ounces of gold stacked in October. With gold recovery averaging approximately 77% over the past two quarters, and the rapid increase in gold loaded onto the pad, the Company expects gold production to continue the upward trend seen during 2013.

A total of 8,800 ounces of gold was mined in the month of October. Mining was slowed down in the Tres Perlas pit during the month due to the size of ore stockpiles in front of the plant. This reduces the need for ore rehandle and the excess owner mining fleet provides flexibility in terms of being able to ramp up excess ore production as and when required.

The trend for ore mining over the past four months continues to show a strong increase in ounces being mined as seen in Figure 3.

Figure 2: CMD Gold Mine Ounces Stacked

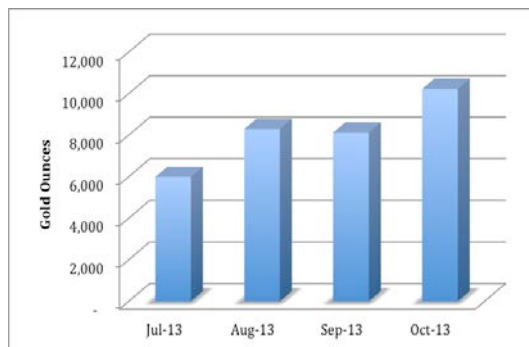
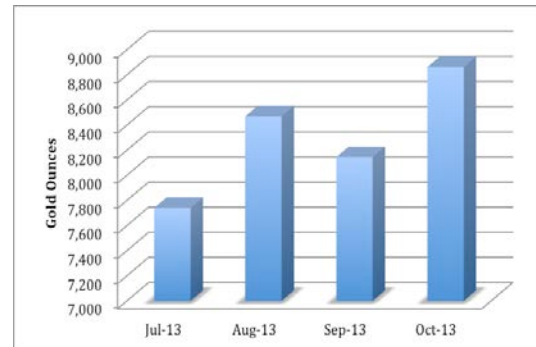


Figure 3: CMD Gold Mine Ounces Mined



Also notable in the past four months, and for October in particular, has been the rapid fall in the waste to ore ratio (Figure 4) with October estimated to be 0.98:1, a 56% reduction from the September quarter average. The reduction in the waste to ore ratio will have a materially positive impact on all in costs per ounce. The Life of Mine waste to ore ratio is estimated to be 1:1, and going forward the waste to ore ratio is expected to return to this average.

The stacked grade continues to increase, with a stacked grade for October of 0.63 g/t Au as seen in Figure 5. The higher grade, along with increased tonnages has led to the increased ounces being stacked. Grades within both the Chisperos and Tres Perlas pits are forecast to increase as the pits deepen, and for the latter pit, as mining moves towards the northern end of the pit.

Figure 4: CMD Gold Mine Waste to Ore Ratio

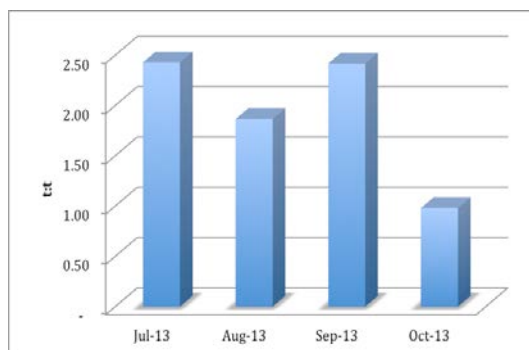
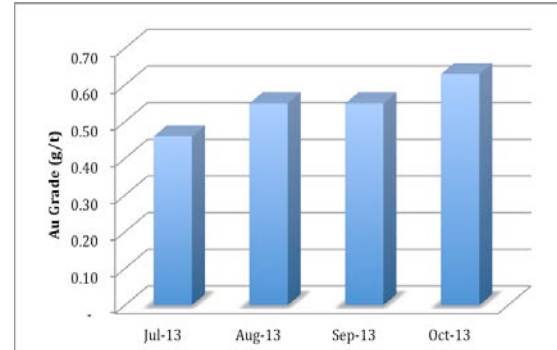


Figure 5: CMD Gold Mine Stacked Grade



## November Guidance

The Company expects that for November the CMD Gold Mine key performance indicators will be in the range of:

- Gold Mined - 8,800 to 9,600 ounces
- Gold Stacked - 9,300 to 10,200 ounces
- Gold Production – 5,800 to 6,000 ounces
- Waste to ore ratio - circa 1.1:1

## Underground Mining Project

The Company has also commenced a small underground mining project based on the Toro veins that were mined in the Toro pits. The underground project is being developed to provide additional high-grade tonnage available for blending with the open pit ore. There are at least 9 mineralised veins contained within the CMD Gold Mine property and the first underground development is being driven off the side of the Toro 3 pit directly into the mineralised vein.

Mining is being carried out by contractor and portal development has commenced. There is potential to develop underground mines on multiple veins at the same time. This is expected to provide an additional source of high grade mineralised material commencing from the March 2014 quarter.

For and on behalf of the Board

Mick McMullen  
Chairman

For further information please visit [www.lachlanstar.com.au](http://www.lachlanstar.com.au) or contact:

Mick McMullen  
Chairman  
Lachlan Star  
Tel: +61(0)8 9481 0051  
Email: [mick.mcmullen@lachlanstar.com.au](mailto:mick.mcmullen@lachlanstar.com.au)

### About Lachlan Star Limited

Lachlan Star Limited is a gold mining company headquartered in Perth, Western Australia. The Company is focused on optimizing free cash flow from its CMD Gold Mine in Chile. The Company has a board of directors and management team with an impressive track record of advancing resource projects through to production. Lachlan Star's current projects include a 100% interest in the CMD Gold Mine in Chile, a 100% interest in the Bushranger Copper Project in New South Wales (subject to Newmont earning 51%) and a 100% interest in the Princhester magnesite deposit in Queensland.

### Caution Regarding Forward Looking Information:

This news release contains forward-looking information which is based on the assumptions and judgments of management regarding future events and results. Such forward-looking information includes but is not limited to information with respect to planned changes to the Company's corporate strategy including changes to the Company's dividend policy, the intention to report financial results in gold, the intention to maximise free operating cash flow from the CMD Gold Mine and the intention to pay dividends in gold. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward looking information. Such factors include, among others, the performance of the changed management team, the effectiveness of the Company's corporate strategy and its ability to maximise cash flow, the price of gold, current financial markets and other factors that are disclosed in the Company's publicly filed documents. The Company believes that the assumptions and expectations reflected in the forward-looking information are reasonable. Assumptions have been made regarding, among other things, the ability of the Company to increase gold production, the continued outperformance of cash flow paying royalty companies over gold equities, the Company's ability to report financial results in terms of gold and pay dividends in gold and the timely receipt of required regulatory approvals. Readers should not place undue reliance on forward-looking information. The Company does not undertake up update any forward-looking information, except as may be required in accordance with applicable laws.

